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FISCAL IMPACT STATEMENT

LS 6196

BILL NUMBER: HB 1045

NOTE PREPARED: Dec 12, 2011

BILL AMENDED:

SUBJECT: Formula for Choice Scholarship Transition Grants.

FIRST AUTHOR: Rep. McNamara

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the formula for distributing Choice Scholarship Transition Grants to school corporations and charter schools (other than virtual charter schools) from a distribution based on the school's total tuition support distribution amount to a per capita distribution based on the number of students who were granted Choice scholarships.

The bill provides that the grants are distributed in two installments during a year. The bill indicates that the amount of a grant is not included in the calculation of previous year revenue. It moves the formula from a noncode provision enacted in the 2011 budget to the school formula provisions in the Indiana Code.

Effective Date: January 1, 2012 (retroactive).

Explanation of State Expenditures: The bill would not increase state expenditures for the Choice Scholarships Transition Grants, but would change how the distributions are calculated. Under the current formula, the distribution a school receives is based on the school corporation's tuition support as a percentage of the total state tuition support times the total amount of the distribution. Under the current formula, a public school is entitled to a distribution even if they did not have any Choice Scholarship students leave their school.

The new formula only makes a distribution to a public school if they lose students in the current year due to the Choice Scholarship Program. The new distribution would be based on the number of students that the public school lost due to Choice Scholarship Program and therefore had a loss in state tuition support.

For the current school year, 3,382 students from 182 public schools are participating in the Choice

Scholarship Program. In school year 2011-2012, approximately 174 of the 356 schools did not lose any students to the Choice Scholarship Program, but would receive distributions totaling about \$617,000.

The bill would increase the Choice Scholarship Transition Grants for some schools and decrease it for other schools. The amount of the Choice Scholarship Transition Grant is estimated to be about \$1,017 per student. About 41 school corporations would receive more funding under the new calculation, and 315 school corporations would receive a smaller grant.

If the combination of the Choice Scholarships Transition Grants, state tuition support, and other educational grants and awards in the school formula causes the calendar year distribution to exceed the maximum distribution, then all the distributions including the Choice Scholarships Transition Grants would be proportionally reduced.

The distribution of the Choice Scholarships Transition Grants would be in June and December. Under current law the distribution schedule is determined by the Department of Education.

Background: It is estimated that about \$3.4 M would be eligible for the Choice Scholarships Transition Grants in the 2011-2012 school year. The increase in tuition support under the current formula would be about 0.055%.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected:

Local Agencies Affected: Local schools.

Information Sources: Department of Education Databases.

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